




LOUDOUN COUNTY PUBLIC SCHOOLS
BUSINESS AND FINANCE - ASSISTANT SUPERINTENDENT'S OFFICE
21000 Education Court, Suite #309, Ashburn, VA 20148
(571) 252-1400

November 1, 2012

TO: Dr. Edgar Hatrick, Superintendent 

FROM: Leigh Burden, Assistant Superintendent for Business and Financial Services

SUBJECT: Reform Commission Response

This is a response to the follow-up memo from the Government Reform Commission (GRC) dated October 2, 2012. As to the first issue, LCPS staff does not forward documents to outside parties without specific direction by the School Board. The GRC is a Board of Supervisors (BOS) committee and there is no reporting function from the School Board to the GRC, nor any reporting function from LCPS staff to the GRC.

Benchmarks

The original GRC memo states that "It appears that the main driver of the relative explosion of School costs in FY 2007 to FY 2009 was spending increases out of proportion to continued economic growth, as opposed to economic free fall." Our understanding from this statement was that the "benchmark" that the author was suggesting was GCP. One of the points that the LCPS memo was trying to make is that strict affordability cannot be the only measure upon which to base funding for the school system. We thought the GRC was aware of the following facts:

- LCPS has been serving an additional 2,500 to 3,000 each year for several years.
- From FY09 to FY11 we received reduced funding from the year before. In FY12, the total LCPS operating budget was restored to a level approximately equal to FY09 (with more than 8,900 additional students being served).

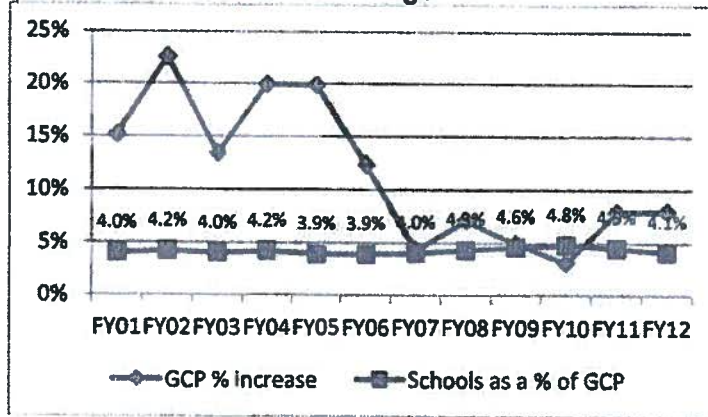
We thought that the GRC was aware of this significant growth trend and the fact that the operating budget was lowered each year. Our interpretation was that the GRC's analysis concluded that LCPS needed to be even more efficient. Thus, we thought it relevant to point out that the cost per pupil is the industry standard by which a school division's efficiency is measured. LCPS remains very efficient by that measure and continues to be consistently cost-effective in the context of per pupil costs compared to surrounding school divisions.

Additionally, the increases/decreases from FY 07 to FY 09 represent a two-year period that was calculated by School staff. School staff and the GRC arrived at different numbers.

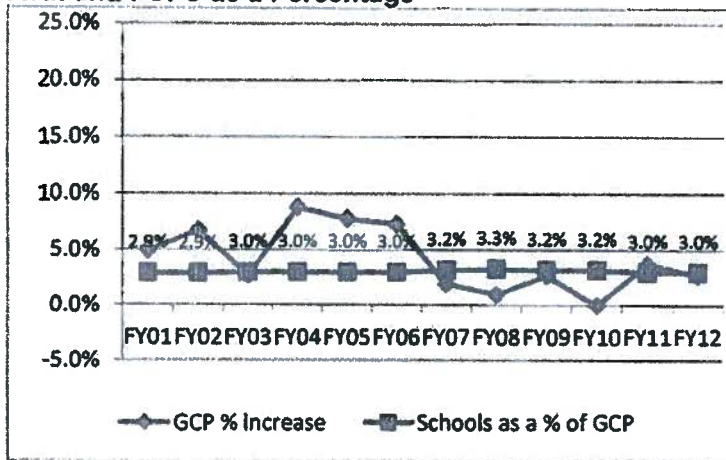
Scale Adjustments

As to the comparisons with Fairfax and Prince William, one of the comments was that the same scale should have been used for each graph. The revamped charts using the same scale are shown below. The default scale was used for the original response, because the intent was to illustrate that as the GCP fell for all three jurisdictions, the three School Division's portion of the GCP rose. Using the same scale illustrates the same point. It should also be noted that Fairfax, Prince William and Loudoun Schools all continue to have increased enrollment—with Loudoun by far the fastest growing of this group. As a result, the School's portion of the GCP rises, even as increases in the GCP decline. This was merely an observation, we made no comment on the GCP nor why it was rising or falling in each of the jurisdictions shown. Exactly what the GCP increases mean is certainly debatable and we did not address that issue.

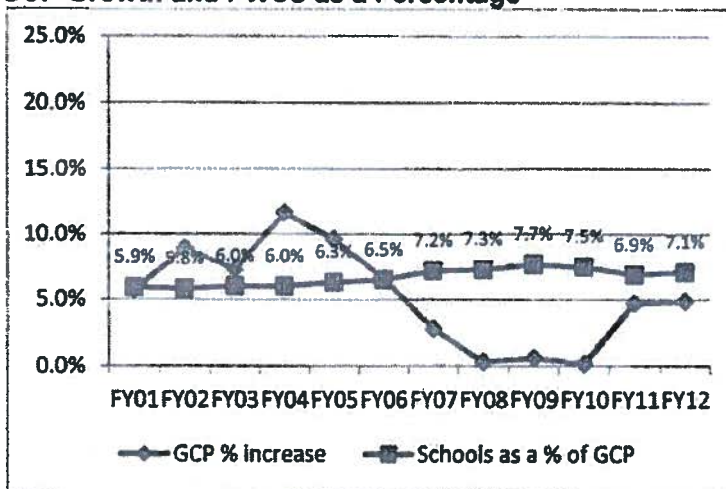
Loudoun County GCP Growth and LCPS as a Percentage



Fairfax County GCP Growth and FCPS as a Percentage



Prince William County GCP Growth and PWCS as a Percentage



Deemed to be Needed

The LCPS response about the Superintendent's requirement to prepare a "needs-based budget" is the common interpretation by School Divisions and local governing bodies across the Commonwealth. The phrase "needs-based" is merely shorthand for "deemed to be needed." Although there is no legal interpretation of this specific issue that we are aware of, there is an Attorney General inquiry as to whether a County administrator could require a Superintendent to conform to a target based on an estimate of revenues. In that opinion, is the following:

"Section 22.1-92(A) requires the school superintendent, with school board approval, to submit to the governing body "the estimate of the amount of money *deemed* to be needed for the next fiscal year for the support of the public schools." (*Emphasis added.*) Section 22.1-92(A) further requires that the form of the estimate "shall set up the amount of money *deemed* to be needed for each major classification prescribed by the Board of Education and such other headings or items as may be necessary." (*Emphasis added.*)

The ordinary meaning of "deem" is "to come to think or judge . . . to have an opinion." WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY 332 (1990). It connotes a conclusion based on a perception of facts. 1991 Att'y Gen. Ann. Rep. 144, 147, 1991 Va. AG 144, 147. Nothing in either § 22.1-92(A) or the county charter vests authority in the county administrator to deem the estimated total financial needs of the public school system for the next fiscal year. Under the plain language of § 22.1-92(A), that function is assigned to the school superintendent and the school board."

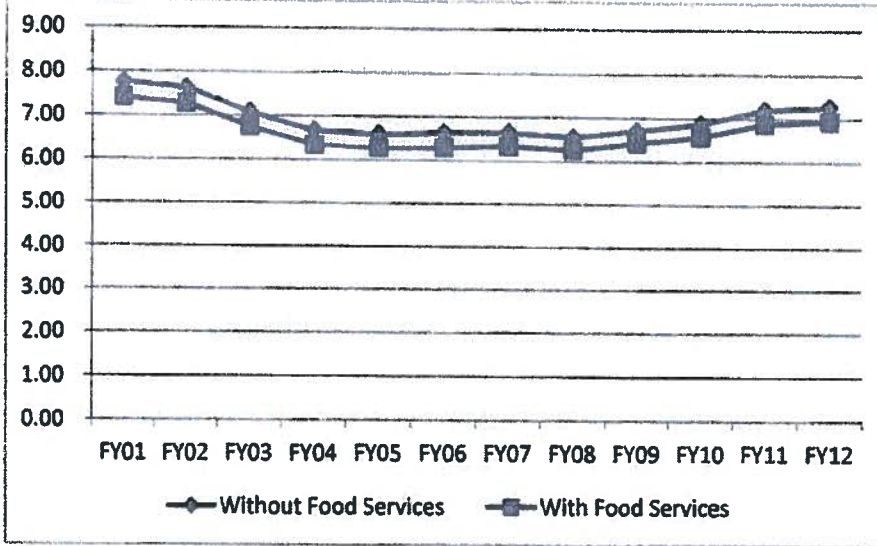
Opinion of the Attorney General 1993 Va. AG 135, 135-139 (1993)

In essence, the Superintendent has a legal obligation to advocate for expenditures based on school needs, distinct from a consideration of the revenues estimated to flow to the County and then to LCPS.

Class Size Revisited (including Food Services)

In the GRC response, an argument is made that Food Services should be included. So, the chart below shows the students per employee both with, and without, Food Services employees—and the result is the same as in the earlier response. The number of students per employee has been climbing since FY 08. As stated in the first response, we would expect this to be the case since we have increased class size twice in the past few years.

Students per Employee with and without Food Services - FY 01- FY 12 – Graphic



As to the use of projected staffing/students versus actual staffing/students, we must have not been clear in the earlier response. The distinction is that the budgeted/projected staff is to support the budgeted/projected number of students. One cannot use budgeted/projected staff and actual students, because the staffing may very well have been less than budgeted should enrollment be more or less than expected or a different distribution. Budgeted staff to budgeted enrollment must be used or actual staff to actual enrollment.

Unfortunately, we are not able to calculate actual to actual, since the position control system is a dynamic database where the number of positions filled, vacant, and in various stages of hiring and separation, change daily. The actual enrollment also is quite dynamic. However, since State funds are based on enrollment, we are required to stop and count all students as of September 30th each year, and again on March 31. That represents the "actual" enrollment, but only for those points in time. Enrollment counts change daily.

Students per Employee FY 01- FY 12 – Actual Data

Year	LCPS Projected Employees (SOF + Food)	LCPS Projected Students	Students per Employee
FY01	4,254	31,565	7.4
FY02	4,851	35,349	7.3
FY03	5,533	37,375	6.8
FY04	6,329	40,250	6.4
FY05	7,112	44,715	6.3
FY06	7,525	47,467	6.3
FY07	7,994	50,740	6.3
FY08	8,524	53,396	6.3
FY09	8,901	57,317	6.4
FY10	9,037	59,490	6.6
FY11	9,203	63,353	6.9
FY12	9,531	66,266	7.0

One very concerning statement in the follow-up memo is that “the LCPS response fails to come to grips with why LCPS projections have been inaccurate for such a long time.” As shown by the following chart, LCPS is extremely accurate in its enrollment projections. During most years the difference is less than plus or minus 1%.

Year	Projected Sept 30 Enrollment	Actual Sept 30 Enrollment	Projected compared to Actual	Percentage
FY01	31,565	31,804	239	100.8%
FY02	35,349	34,589	-760	97.9%
FY03	37,375	37,532	157	100.4%
FY04	40,250	40,751	501	101.2%
FY05	44,715	44,014	-701	98.4%
FY06	47,467	47,361	-106	99.8%
FY07	50,740	50,478	-262	99.5%
FY08	53,396	54,047	651	101.2%
FY09	57,317	57,009	-308	99.5%
FY10	59,490	60,096	606	101.0%
FY11	63,353	63,220	-133	99.8%
FY12	66,266	65,668	-598	99.1%

As was stated in the GRC response, reasonable people will disagree. That seems to be the case here.

Please contact me if you have any questions.